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FANUC Europe Corporation and subsidiaries

Consolidated financial statements as at March 31, 2016

Zone Industrielle
L-6468 Echternach
R.C.S. Luxembourg: B 95 565

FANUC Europe Corporation and subsidiaries

List of contents | **Page(s)**

FANUC Europe Corporation and subsidiaries

DIRECTORS' REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the Shareholders of FANUC Europe Corporation:

1.) Business Development

The Financial Year 2015/2016 (April 1, 2015 to March 31, 2016) was yet another successful year for FANUC Europe Corporation ("FEC") and its subsidiaries (the "Group"). Consolidated sales and order intake increased further compared to strong levels of the previous Financial Year 2014/15. Sales and order intake remained strong in most European countries including most of the major automation markets like Germany, Italy, France and Spain as well as Eastern Europe. This was partially offset by lower demand in Switzerland.

There is a continuing trend for growing market demand in factory automation solutions in most of Europe. This is especially true for industrial robot sales where the market continues to grow.

After all merger activities have been finalized in the prior Financial Year we continued our actions to integrate operational and administrative processes in various areas such as Sales, Marketing, Supply Chain and Administration between Factory Automation, Robotics and Robomachine divisions, in the headquarter as well as in various subsidiaries.
All major subsidiaries have been integrated into a common ERP system and we continued to implement enhancements and new business tools such as for example a new Business Intelligence software.

In the Financial Year 2015/16 we further aligned and localized strategies between the three divisions which resulted in further sales growth especially in the Robomachine division. We also put increased focus on strengthening our sales and marketing activities in general which contributed to the overall sales growth and allowed us to successfully expand our customer base in various industries.

We will further strive to generate synergies by streamlining our processes and through introduction and enhancement of IT Business Tools. We will make further progress to grow market share in local markets in Europe. This reaffirms our commitment to maintain and expand our reputation as a global leader in Factory Automation ("FA").

FANUC Europe Corporation and subsidiaries

2.) Financial Update

The present annual accounts include the numbers of all subsidiaries in Europe which are owned by FANUC Europe Corporation. This includes all three divisions: Factory Automation (FA), Robotics (RO), and Robomachine (RM).

Consolidated net turnover of the Group increased by 12% and sales units increased by 13%. Consolidated bookings increased by 7% in terms of units and 8% in terms of order amounts compared to the prior year.

Operating profit decreased by 14% (from K EUR 91 758 to K EUR 79 073). Main reason being the unfavorable development of the JPY/EUR exchange rate. The average for FY 2015/16 was at 133 JPY/EUR compared to 138 JPY/EUR in FY 2014/15. Since the Group buys almost all products in JPY currency this has resulted in lower margins. Operating expenses increased by 10% compared to prior year mostly due to higher personnel cost resulting from headcount increases and variable compensation.

Net profit increased slightly by 0.6% (from K EUR 65 334 to K EUR 65 707). Main reasons include FX gains and other non-operating income.

We will further continue to pursue cost reductions through higher efficiency and process optimization. In Financial Year 2015/16 we managed do decrease Operating Expenses in % of sales to 20.99% (compared to 21.28% in Financial Year 2014/15). We plan to achieve further improvements in future years.

3.) Corporate Governance

One of the most basic principles of our Group is the focus on **Technology** to ensure we stay ahead of competitors. We have a culture of **Continuous Improvement** and **concentrate on our business of Factory Automation.** We do not use external borrowings but grow the business by **own funds**. Currency hedging instruments are only used in exceptional cases to cover currency risks of the JPY/EUR exchange rate for large projects. The use of any other derivative financial instruments is disallowed by corporate policies.

The Group has adequate internal corporate policies and is ISO certified. We have introduced a compliance position already a few years ago in the European headquarter in Luxembourg. Several compliance projects have been worked on in FY 2015/16 and the compliance policies have been improved further. The two largest legal entities in Luxembourg and Germany have successfully been audited based on J-SOX standards for the first time.

We will continue to expand the compliance activities in future years and integrate it further into our company culture.

FANUC Europe Corporation and subsidiaries

4.) Risks and uncertainties

Main risks and uncertainties include the foreign exchange risk, liquidity risk, cash collections risks and staff risk. The Group is exposed to the evolution of the JPY/EUR exchange rate since the purchase prices in Japan are denominated in JPY. The exchange rate relation was quite favorable in FY 2015/16 however not as favorable as in the prior year. This evolution had a negative impact on our margins. The Group is allowed to do currency hedging only in very limited and exceptional cases. Based on internal corporate policies, the currency risk is partially offset by an internal mechanism to share the currency change impact for certain products with the parent FANUC Corporation.

The liquidity risk is low because of good profit situation and healthy cash levels. The Group also puts strict focus on inventory reduction and cost cutting exercises to ensure on-going profitability and to keep cash levels high. The Group does not have any bank debt and also does not plan to have any in the future.

The Group is exposed to price risk as a result of its operations. This includes the risk of price increases from suppliers. The Group purchases most of its goods from the parent company in Japan which will adjust their sales prices to the Group on a regular basis.

Credit risk includes the loss arising from customers who do not pay invoices when due. Such cash collection risk cannot be eliminated completely and is managed by strict credit control mechanisms in the subsidiaries and branches. This includes advance credit checks and strict control over credit limits. In some cases guarantees and contractual collaterals are used to reduce cash collection risks.

While it continues to be difficult to find qualified employees for certain positions on the market, the Group ensures to maintain a high level of qualification through internal trainings and strict selection in the hiring process combined with competitive compensation packages.

Staff risks include the risk of being able to hire and train sufficiently qualified staff to execute the required tasks. The Group has increased its headcount from 1 102 employees end of March 2015 to 1 236 employees end of March 2016 to be able to deal with the current and future growth.

5.) Subsequent events

There have been no subsequent events.

6.) Research and development

The Group does not conduct direct research and development activities. Those activities are executed by the parent company.

7.) Outlook

We are expecting the market economic demand in the FY 2016/17 to be stable. Demand in the large industrial countries like Germany, France and Italy remains on a good level beginning of FY 2016/17. At the same time there are uncertainties with regards to the political and economic situation in some countries like Switzerland, Turkey and Russia. In addition there is still certain ongoing financial instability within the EU. Especially the Brexit vote might negatively influence the market situation in the UK and the EU in general as wells as the JPY/EUR exchange rate development.

At the same time it is likely that the market demand for factory automation products will increase further.

Based on our budget expectations we plan to increase bookings and billings compared to FY 2015/16. Large variations could mainly occur due to major projects in the automotive industry which would have a significant impact on the units sold. Main areas of growth are planned to be the Robomachine division which is planned to benefit further from changes in our sales strategy and a stronger localized approach. The Robots division is also planned to grow due to further trend towards automation combined with our strong product portfolio and market standing.

Profitability is expected to be on a satisfactory level in FY 2016/17 but could be reduced compared to FY 2015/16 due to negative development of the JPY/EUR exchange rate.

FANUC's brand name recognition is further increasing in the European markets.

The Group will continue to benefit from new products that will be introduced by its parent company which invests heavily in research and development activities. We will therefore be able to expand our state-of-the-art product range to further reinforce our market position.

Olaf C. Gehrels
Managing Director & CEO
on behalf of the Board of Directors

Echternach, 20. July 2016

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Audit report

To the Shareholder of
FANUC Europe Corporation

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of FANUC Europe Corporation and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 March 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated Director's report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 20 July 2016

Véronique Tinel

FANUC Europe Corporation and subsidiaries

Consolidated statement of financial position as at March 31, 2016

	Notes	2016 EUR 000	2015 EUR 000
ASSETS			
Non-current assets			
- property, plant and equipment	4	106 526	74 609
- intangible assets	4	3 517	2 327
- deferred income tax assets	14	9 797	9 148
- other receivables	6.1	7 582	7 933
		127 422	94 017
Current assets			
- inventories	5	216 452	157 632
- receivables from related parties	19.1	1 959	479
- trade receivables	6	146 324	135 993
- prepayments and other current assets	6.2	8 567	5 041
- cash and cash equivalents	8	266 948	331 793
		640 250	630 938
Total assets		**767 672**	**724 955**

The accompanying notes are an integral part of these consolidated financial statements.

FANUC Europe Corporation and subsidiaries

Consolidated statement of financial position as at March 31, 2016

	Notes	2016 EUR 000	2015 EUR 000
EQUITY AND LIABILITIES			
Equity			
- share capital	7.1	110 961	110 961
- share premium	7.2	191 883	191 883
- reserves	7.3	8 502	7 156
- retained earnings	7.4	238 495	206 855
- profit of the year		65 707	65 334
- currency translation reserve		3 597	8 513
		619 145	590 702
Non-current liabilities			
- retirement benefit obligations	13	32 518	35 301
- deferred income tax liabilities	14	1 036	1 049
		33 554	36 350
Current liabilities			
- payables to related parties	19.2	29 488	23 029
- trade payables	10	10 062	11 397
- accrued expenses	11	43 053	36 202
- provision for warranty claims	9	6 300	6 062
- current income tax liabilities		8 140	3 713
- customers prepayments and other current liabilities		17 930	17 500
		114 973	97 903
Total equity and liabilities		**767 672**	**724 955**

The accompanying notes are an integral part of these consolidated financial statements.

FANUC Europe Corporation and subsidiaries

Consolidated income statement for the year ended March 31, 2016

	Notes	2016 EUR 000	2015 EUR 000
Revenue	16	731 556	654 067
Cost of sales	17	(498 958)	(423 095)
Gross profit		**232 598**	**230 972**
Operating expenses	17	(153 525)	(139 214)
Other income/(expenses)		3 509	828
Operating profit		**82 582**	**92 586**
Finance income		18 383	11 344
Finance costs		(12 025)	(12 355)
Finance income/ (costs)	18	6 358	(1 011)
Profit before income tax		**88 940**	**91 575**
Income tax expense	14	(23 233)	(26 241)
Profit for the year		**65 707**	**65 334**

Consolidated statement of comprehensive income for the year ended March 31, 2016

	2016 EUR 000	2015 EUR 000
Profit for the year	65 707	65 334
Other comprehensive income:		
Effective portion of change in fair value of cash flow hedges	(1 366)	1 794
Re-measurement of post-employment benefit obligations	1 685	(5 182)
Foreign currency translation differences	(4 916)	10 132
Other comprehensive income for the year, net of taxes	(4 597)	6 744
Total comprehensive income for the year	**61 110**	**72 078**

Items in the statement above are disclosed net of tax.

The accompanying notes are an integral part of these consolidated financial statements.

FANUC Europe Corporation and subsidiaries

Consolidated cash flow statement for the year ended March 31, 2016

	Notes	2016 EUR 000	2015 EUR 000
Cash flows from operating activities			
Profit before income tax		88 940	91 575
Adjustments for:			
- depreciation of tangible assets	4	6 433	5 207
- amortisation of intangible assets	4	1 085	952
- foreign exchange loss (gain), net	18	(5 816)	1 441
- provision for warranty claims	9	2 664	2 422
- retirement benefit obligation	4	(2 783)	8 351
- increase / (decrease) in reversal of inventory depreciation	5	423	651
- allowance for doubtful receivables	6	23	(412)
Changes in working capital			
- decrease (increase) in trade receivables and receivables from related parties	6,19.1	(11 835)	(10 996)
- decrease (increase) in inventories, net of inventory depreciation	5	(59 243)	(17 025)
- decrease (increase) in other receivables		351	(3 726)
- decrease (increase) in prepayments and other current assets		(3 526)	4 131
- increase (decrease) in trade payables and payables to related parties	10, 19.2	5 124	4 900
- increase (decrease) in customer prepayments, other liabilities and accrued expenses		7 281	3 740
- utilization of provision for warranty claims	9	(2 423)	(2 641)
Income tax paid:		(19 468)	(21 481)
Net cash from operating activities		7 230	67 089
Cash flows from investing activities			
- acquisitions of property, plant and equipment	4	(41 317)	(29 573)
- disposals of property, plant and equipment	4	2 967	(1 365)
- acquisition of intangible assets	4	(2 302)	(1 908)
Net cash from investing activities		(40 652)	(32 846)

The accompanying notes are an integral part of these consolidated financial statements.

FANUC Europe Corporation and subsidiaries

Consolidated cash flow statement for the year ended March 31, 2016

	Notes	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Cash flows from financing activities			
- dividend paid to Company's shareholder	7.4	(32 667)	(16 459)
Net cash from financing activities		(32 667)	(16 459)
(Decrease)/increase in cash and cash equivalents		(66 089)	17 784
Cash and cash equivalents at the beginning of the year		331 793	312 748
Exchange gains (losses) on cash		1 244	1 261
Cash and cash equivalents at the end of the year		**266 948**	**331 793**

The accompanying notes are an integral part of these consolidated financial statements.

FANUC Europe Corporation and subsidiaries

Consolidated statement of changes in equity (EUR 000)

	Number of shares outstanding	Share capital (Note 7.1)	Share premium (Note 7.2)	Reserves (Note 7.3)	Retained earnings and profit of the year	Currency translation reserve	Total
Balance as of March 31, 2014	**109 961**	**109 961**	**191 880**	**6 050**	**226 092**	**(1 619)**	**532 364**
Profit for the year	-	-	-	-	65 334	-	**65 334**
Other Comprehensive income							
Cash flow hedges	-	-	-	-	1 794	-	**1 794**
Actuarial (loss)/gain on post-employment benefit obligation	-	-	-	-	(5 182)	-	**(5 182)**
Foreign currency translation adjustment	-	-	-	-	10 132	-	**10 132**
Total other comprehensive income	**-**	**-**	**-**	**-**	**72 078**	**-**	**72 078**
Allocation of prior year result	-	-	-	1 106	(1 106)	-	-
Dividends to shareholder	-	-	-	-	(16 459)	-	**(16 459)**
Movement in currency translation reserve	-	-	-	-	(10 132)	10 132	-
Contribution in kind in Fanuc Automation LLC	1 000	1 000	3	-	1 716	-	**2 719**
Balance as of March 31, 2015	**110 961**	**110 961**	**191 883**	**7 156**	**272 189**	**8 513**	**590 702**
Profit for the year	-	-	-	-	65 707	-	**65 707**
Other Comprehensive income							
Cash flow hedges	-	-	-	-	(1 366)	-	**(1 366)**
Actuarial (loss)/gain on post-employment benefit obligation	-	-	-	-	1 685	-	**1 685**
Foreign currency translation adjustment	-	-	-	-	(4 916)	-	**(4 916)**
Total other comprehensive income	**-**	**-**	**-**	**-**	**61 110**	**-**	**61 110**
Allocation of prior year result	-	-	-	1 346	(1 346)	-	-
Dividends to shareholder	-	-	-	-	(32 667)	-	**(32 667)**
Movement in currency translation reserve	-	-	-	-	4 916	(4 916)	-
Balance as of March 31, 2016	**110 961**	**110 961**	**191 883**	**8 502**	**304 202**	**3 597**	**619 145**

FANUC Europe Corporation and subsidiaries

Notes to the consolidated financial statements as at March 31, 2016

Note 1 - Organization

The current accounts include the numbers of all subsidiaries in Europe which are owned by FANUC Europe Corporation (the "Company"). This refers to all three divisions: Factory Automation, Robotics, and Robomachines. The Company with all its subsidiaries is referred to as "the Group".

The former separate divisions were brought together effective April 1, 2012 when the shareholder FANUC Corporation in Japan decided to bundle its European Business Operations and to combine the FA division (former FANUC FA Europe S.A. in Echternach, Luxembourg), the Robotics division (former FANUC Robotics Europe S.A. in Echternach, Luxembourg) and the Robomachine division (former FANUC Robomachine Europe GmbH in Neuhausen a.d.F., Germany).

Since the merger the main activities of the Group include the sale and servicing of Factory Automation Products including CNC controls, lasers, industrial robots, and machinery into the European market. The Company also coordinates the activities of its subsidiaries and provides European wide support functions such as management, technical support, administrative support and supply chain support.

These consolidated financial statements have been approved for issue by the Board of Directors on 20 July 2016.

As of March 31, 2016, the Group comprises the following entities. All subsidiaries are wholly owned by FANUC Europe Corporation:

Company name	Country of incorporation
FANUC Europe Corporation	Luxembourg
FANUC Deutschland GmbH	Germany
FANUC France	France
FANUC UK Ltd	United Kingdom
FANUC Italia S.r.l.	Italy
FANUC Ibéria S.A.U. (including a Portuguese branch)	Spain
FANUC SWITZERLAND GMBH	Switzerland
FANUC Czech s.r.o.	Czech Republic
FANUC Hungary Kft.	Hungary
FANUC LLC	Russia
FANUC Polska Sp. z o.o	Poland
FANUC Nordic AB (including a Danish branch and a Finnish branch)	Sweden
FANUC Turkey Endustriyel Otomasyon Ticaret Limited. Sirketi	Turkey
FANUC FA Bulgaria EOOD	Bulgaria
FANUC Adria d.o.o.	Slovenia
FANUC Österreich GmbH	Austria
FANUC Ukraine LLC	Ukraine

Note 1 - Organization (cont.)

The Group is included in the consolidated accounts of FANUC Corporation, which accounts are available at FANUC Corporation's registered office, 401 - 0597 Yamanashi prefecture Oshino Mura, Japan.

Note 2 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretation Committee ("IFRS IC") interpretations as adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified by the financial asset and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Critical accounting estimates relate to the impairment of inventories and the revenue recognition of services based on the percentage of completion method and are disclosed respectively in note 2.4 and note 2.12. There are no other areas involving a higher degree of judgment or complexity, nor areas where assumptions and estimates are significant to the consolidated financial statements.

The accounting policies have been consistently applied by the Group entities and are consistent with those used in the previous year.

Note 2 - Summary of significant accounting policies (cont.)

2.1 Basis of preparation (cont.)

a. New and amended standards and interpretations adopted by the Group

The following standards, amendments to standards and new interpretations are mandatory for the first time for the financial period beginning April 1, 2015. The application of these standards, interpretations and amendments had no significant impact for the Group:

- IFRS 2 Share-based Payment Definition of vesting condition. Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition')

- IFRS 3 Business Combinations. It clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

- IFRS 8 Operating Segments - Aggregation of operating segments. It requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. Reconciliation of the total of the reportable segments' assets to the entity's assets. Clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

- IFRS 13 Fair Value Measurement - short-term receivables and payables. Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

- IAS 16 Property, Plant and Equipment - revaluation method - proportionate restatement of accumulated depreciation. Clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

- IAS 24 Related Party Disclosures - key management personnel. Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

- IAS 38 Intangible Assets - revaluation method - proportionate restatement of accumulated amortisation. Clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

Note 2 - Summary of significant accounting policies (cont.)

2.1 Basis of preparation (cont.)

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19). The pronouncement amends IAS 19 Employee Benefits (2011) to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

- IFRS 1 First-time Adoption of International Financial Reporting Standards. Clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements.

- IFRS 3 Business Combinations - Scope of exception for joint ventures. Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

- IFRS 13 - Fair Value Measurement. Clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation.*

- IAS 40 Investment Property. Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 *Business Combinations* and investment property as defined in IAS 40 *Investment Property* requires the separate application of both standards independently of each other.

- IFRIC 21, 'Levies' (effective 1 January 2014) (endorsed 17 June 2014). IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

Note 2 - Summary of significant accounting policies (cont.)

2.1 Basis of preparation (cont.)

b. Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments have been published but are not effective for the Group's accounting period beginning on April 1, 2015. The Group has yet to assess the impact of the new standards and amendments:

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.* Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

- IFRS 7 *Financial Instruments: Disclosures.* Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required.

- *Applicability of the amendments to IFRS 7 to condensed interim financial statements.* Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

- IAS 19 *Employee Benefits.* Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

- *IAS 34 Interim Financial Reporting.* Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference

- Amendment to IFRS 11 *Joint arrangements' on acquisition of an interest in a joint operation* - effective 1 January 2016.

- Amendment to IAS 16 *Property, plant and equipment* and IAS 38, *Intangible assets*, on depreciation and amortisation (effective 1 January 2016). The amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

- Amendments to IAS 27 *Separate financial statements* on equity accounting - effective 1 January 2016.

Note 2 - Summary of significant accounting policies (cont.)

2.2 Basis of preparation (cont.)

- Amendments to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures* on applying the consolidation exemption - effective 1 January 2016 (1).

  Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative - effective 1 January 2016. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

- IFRS 9, "Financial instruments" (and related amendment on general hedge accounting) effective from January 1, 2018. The IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today [(1)];

- IFRS 14, "Regulatory deferral accounts" – effective from January 1, 2016 [(1)].

- IFRS 15, "Revenue from contracts with customers" applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and introduces a five-step process that the Group will have to follow. The new Standard goes beyond just "commercial effect", "fair value" and "risk and rewards" and will also result in a significant increase in the volume of disclosures related to revenue. IFRS 15 will be applicable for reporting periods beginning on or after January 1, 2017 [(1)];

- IFRS 16, Leases' effective 1 January 2019 or when apply IFRS 15 [(1)]

(1) These standards and interpretations have not yet been endorsed by the European Union.

Note 2 - Summary of significant accounting policies (cont.)

2.2 Consolidation

a. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

All inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries have been adapted to ensure consistency with the policies adopted by the Group.

2.3 Property, plant and equipment and intangible assets

2.3.1 Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is computed by applying the straight-line method to individual items according to their estimated useful lives.

Depreciation rates are as follows on other assets:

Buildings & Belongings	the shorter of life of lease or useful life
Machinery & Equipment	10 - 33%
Vehicles & Transport equipment	12 - 33%
Tools, Measures, Furniture & Fixtures	10 - 33%

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from 'other reserves' to 'retained earnings'.

Note 2 - Summary of significant accounting policies (cont.)

2.3 Property, plant and equipment and intangible assets (cont.)

2.3.1 Property, plant and equipment (cont.)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses from disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other income/(expenses), net" in the income statement.

2.3.2 Intangible assets

Intangible assets consist of acquired computer software licences that are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

2.3.3 Impairment of non-financial assets

Assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Prior impairment of non-financial assets (other than goodwill) that suffered impairment are reviewed for possible reversal at each reporting date.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value.

On an annual basis, the Group compares the purchase value of inventories with their net realisable value, which is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses, and adjusts the value of inventories to the net realisable value. Additionally, the Group also impairs the inventory value taking into account obsolescence factor and turnover ratios of inventories.

Robots are individually valued, CNC are valued at first in first out and spare parts are valued using an average weighted cost. Freight and import charges are applied to inventory by use of ratios determined on a basis of total inventory receipts.

Note 2 - Summary of significant accounting policies (cont.)

2.5 Financial assets and liabilities

2.5.1 Trade receivables, other receivables and receivables from related parties

Trade receivables, other receivables and receivables from related parties are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables, other receivables and receivables from related parties is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default of delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables, other receivables and receivables from related parties are impaired.

The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "operating expenses". When a trade receivable, another receivable or a receivable from related parties are uncollectible, it is written off against the allowance account for trade receivables and receivables from related parties.

Subsequent recoveries of amounts previously written off are credited against "operating expenses" in the income statement.

2.5.2 Trade payables, accrued expenses and payables to related parties

Trade payables, accrued expenses and payables to related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.5.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in banks available for use and short term bank deposit (with a maturity of less than 3 months).

2.6 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Note 2 - Summary of significant accounting policies (cont.)

2.6 Provisions (cont.)

2.6.1 Provision for warranty claims

The Group companies accrue for costs in relation with parts, material and labour at standard rates per unit sold which are based on warranty costs typically incurred within the warranty period, which is subject to negotiation with the customer. Warranties are contractually granted for periods of 1 to 3 years.

2.6.2 Onerous contracts

The Group recognises a provision for onerous contract when the expected revenue to be derived from a contract is below the costs associated with the execution of the contract.

2.7 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in "Euro" ("EUR"), which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using an average monthly exchange rate, which approximates actual exchange rates at the date of the transaction. Monetary assets and liabilities resulting from these transactions are recorded at the exchange rates prevailing at the year-end.

Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the income statement within "finance income or costs".

The results and financial positions of all the Group entities (none of which has the currency of a highly-inflationary economy) which have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of balance sheet;
- Income and expenses for each income statement are made of the sum of the monthly statements in foreign currency translated in the presentation currency using the average exchange rates of each month;
- All resulting exchange differences are recognised in the consolidated statement of comprehensive income under the currency translation reserve.

Note 2 - Summary of significant accounting policies (cont.)

2.7 Foreign currency translation (cont.)

Exchange rates to the EUR for significant currencies used by the Group and the average rates were as follows:

	Financial Year 2016 Average	Financial Year 2015 Average	Financial Year 2016 Year-end	Financial Year 2015 Year-end
Great Britain Pound Sterling (GBP)	0.7342	0.7854	0.7916	0.7247
Japanese JPY (JPY)	132.5650	138.4108	127.9000	128.9500
U.S. Dollar (USD)	1.1036	1.2560	1.1385	1.0759

2.8 Derivative financial instruments and hedging activities

Cash flow hedging

The Group hedging policy is to hedge just in exceptional cases for large projects the long term cash-flow forecasts denominated in foreign currencies and related to future purchase of goods.
For qualifying hedge relationships, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents, both at the hedge inception and on an ongoing basis, its assessment of whether the hedging derivatives are effective in offsetting changes in fair values or cash flows of the hedged items.

The accounting treatment applied to cash flow hedges in respect of off-balance sheet assets and liabilities can be summarised as follows:

- For qualifying hedges, the effective component of fair value changes on the hedging instrument (mostly foreign currency forward contracts or cash balances in foreign currencies) is deferred in "Hedging reserve" in other comprehensive income;

- Amounts deferred in "Hedging reserve" are subsequently released to the income statement in the periods in which the hedged item impacts the income statement or are used to adjust the carrying value of assets purchased (basis adjustment). When hedging forecast purchases of goods in foreign currency, releases from equity via a basis adjustment occur when the goods are recognised on-balance sheet.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss included in the "Hedging reserve" is deferred until the committed or forecast transaction ultimately impacts the income statement. However, if a committed or forecast transaction is no longer expected to occur, then the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Note 2 - Summary of significant accounting policies (cont.)

2.9 Share Capital

All shares are ordinary shares and are classified as Equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.10 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Note 2 - Summary of significant accounting policies (cont.)

2.10 Current and deferred income tax (cont.)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reveral of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.11 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Most of Group's leases are operating leases. Payments made under the leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Revenue of sale of goods is recognised upon delivery of products and customer acceptance.

The Group uses the percentage-of-completion method in accounting for its contracts to deliver services. The services are trainings provided to the customers, support for implementation of products and after sales services.

The use of the percentage-of-completion method requires the Group to estimate the service performed to date as a proportion of the total services to be performed. Revenue is recognised in the accounting period in which the services are rendered.

Note 2 - Summary of significant accounting policies (cont.)

2.12 Revenue recognition (cont.)

For revenue of a good sold together with a service to be provided after the delivery of the good, the portion of revenue relating to the service is deferred and recognised at the time of the service is provided using the method described here above.

2.13 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

2.14 Employee benefits

2.14.1 Pension benefits

The Group has both defined benefit plans and defined contribution pension plans. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Note 2 - Summary of significant accounting policies (cont.)

2.14.2 Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. There is no further payment obligation once the indemnity is paid to the employee.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions if any, are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

2.14.3 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy or retirement in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy or retirement. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

2.14.4 Employees' profit sharing incentive plan

The Group recognizes a liability and an expense for employees' incentive plan, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The employees' profit sharing incentive plan liability is accounted for in the accrued expenses at year-end.

Note 3 - Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out by the finance team located in the head offices under policies approved by the board of Directors. The board of Directors provides principles for overall risk management as well as policies covering specific areas such as foreign exchange risk management and the use of derivative financial instruments and investment of excess liquidity.

Note 3 - Financial risk management (cont.)

3.1.1 Market risks

3.1.1.1 Foreign exchange risk

The purchases of the Group are operated by the Company, which is exposed to foreign exchange risk arising from currency exposures primarily with respect to the JPY and USD.

On a case by case basis, management may decide to use forward foreign exchange contracts for some important long-term sales contracts to mitigate exposure to foreign currency risk. For standard daily business, the Company has decided to accept the currency risk mainly associated with the purchase of goods in JPY and USD.

On January 6, 2015, the Group entered into a 2 years forward exchange contract for an amount of JPY 3,812,000,000 (EUR 27,041,214.44). Related to this forward exchange contract an amount of 1,366 thousand EUR unrealised loss was recognised in other comprehensive income as of March 31, 2016.

The sales of the Group are operated mainly in EUR. However a portion of the sales of goods and services are denominated in foreign currencies, mainly GBP, for which the Group has decided to accept the currency risk.

As outstanding receivables and payables of the Group in currencies other than EUR and JPY are of minor proportion compared to the total volume of business in foreign currencies realised during the year ending March 31, 2016, any reasonable weakening or strengthening of the EUR against the foreign currencies other than JPY should not have a significant impact on the pre-tax profit for the year.

The Group estimates that if the JPY had been 10% higher compared to EUR (respectively lower) on March 31, 2016, with all other variable held constant, this would have resulted in a decrease of the pre-tax income of EUR 1 941 thousand (respectively increase of EUR 1 941 thousand) for the Group.

3.1.1.2 Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest risk arises only from cash and cash equivalents. The Group estimates that if the interest rate had been 0.5% higher (respectively lower) during the year, with all other variables held constant, this would have resulted in an increase of the pre-tax income of EUR 814 thousand (respectively decrease of EUR 541 thousand).

Note 3 - Financial risk management (cont.)

3.1 Financial risk factors (cont.)

3.1.2 Credit risk

Although the Group has no significant concentration of credit risk, credit risk is managed in close co-operation with the Group's operating units. Credit risk arises from cash and cash equivalents, as well as from credit exposures to customers, including outstanding trade receivables, receivables from related parties and committed transactions. For banks and financial institutions, only independently rated parties with a strong rating are accepted.

For customers, the Group has policies in place to ensure that sales of products and services are made to customers within certain limits, based on independent rating of the customers and assessments of credit quality taking into consideration its financial position, past experience and other factors when available and necessary. The Group periodically re-assesses the financial viability of its customers.

No credit limits were significantly exceeded during the reporting period, and management does not expect any significant losses from non-performance by the customers.

The outstanding trade receivables of the 10 major customers of the Group represent EUR 29 273 thousand (2015: EUR 19 484 thousand), or 19.28% of total trade receivables (March 31, 2015: 14.33%).

3.1.3 Liquidity risk

Liquidity risk arises from the possibility that the Group may not be able to settle obligations within the normal terms of trade.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. All cash and cash equivalents are managed by the finance team located in the head offices through the European cash pooling system.

Management monitors rolling forecasts of the Group's cash and cash equivalents on the basis of expected cash flows.

The table below analyses the Group's non-derivatives financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

FANUC Europe Corporation and subsidiaries

Notes to the consolidated financial statements as at March 31, 2016

Note 3 - Financial risk management (cont.)

3.1 Financial risk factors (cont.)

At March 31, 2015 EUR 000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payable to related parties	23 029	-	-	-
Trade payables	11 397	-	-	-
Total	34 426	-	-	-

At March 31, 2016 EUR 000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payable to related parties	29 488	-	-	-
Trade payables	10 062	-	-	-
Total	39 550	-	-	-

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to ensure continuity of its business development and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

3.3 Accounting classifications and fair value hierarchy

3.3.1. Financial instruments by category

The fair value of each class of assets and liabilities are equivalent to their carrying amount.

At March 31, 2016 EUR 000	Assets at fair value through profit or loss	Derivatives used for hedging	Loans and accounts receivable	Available for sale investments
Accounts receivable and other financial assets (1)	-	2 787	148 283	-
Cash and cash equivalent	-	-	266 948	-

At March 31, 2016 EUR 000	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities (2)
Accounts payable (3)	-	-	39 550

Note 3 - Financial risk management (cont.)

3.3 Accounting classifications and fair value hierarchy (cont.)

At March 31, 2015 EUR 000	Assets at fair value through profit or loss	Derivatives used for hedging	Loans and accounts receivable	Available for sale investments
Accounts receivable and other financial assets (1)	-	2 617	136 472	-
Cash and cash equivalent	-	-	331 793	-

At March 31, 2015 EUR 000	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities (2)
Accounts payable (3)	-	-	34 426

(1) Accounts receivable exclude prepaid expenses, other tax receivables, and other non-financial receivables;
(2) At amortised cost;
(3) Accounts payable exclude employee benefit liability, deferred income, social security and other taxes payable, advance payments and other non-financial liabilities.

3.3.2. Fair value hierarchy

The following table presents the Group's financial assets measured at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active market for identical assets (or liabilities);
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At March 31, 2016 EUR 000 Assets	Level 1	Level 2	Level 3
Derivatives used for hedging	-	2 787	-

At March 31, 2015 EUR 000 Assets	Level 1	Level 2	Level 3
Derivatives used for hedging	-	2 617	-

There was no transfer between Level 1, 2 and 3 during the years 2016 and 2015.

Note 3 - Financial risk management (cont.)

3.3 Accounting classifications and fair value hierarchy (cont.)

Level 1 financial instruments: the fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The quoted market price used for financial assets by the Group is the current bid price.

Level 2 financial instruments: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 financial instruments: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group's finance department, which includes Group Treasury and Controlling teams, perform the recurring and non-recurring valuations of items to be valued at fair value for financial purposes. Specific valuation techniques used to value financial instruments include the fair value of forward foreign exchange contracts classified under Level 2 is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

Notes to the consolidated financial statements as at March 31, 2016

Note 4 - Property, plant and equipment and Intangible assets

The movements for the year ending March 31, 2015 were as follows (in thousands of EUR):

	Land	Buildings & Belongings	Machinery & Equipment	Vehicles & Transport Equipment	Tools, Measures Furniture & Fixtures	Construction in progress	**Total Tangible Assets**	Software	Goodwill	Other intangible assets	**Total Intangible Assets**
Cost											
Opening balance	12 889	43 912	6 204	755	18 895	1 645	**84 300**	3 379	4 259	-	**7 638**
Additions	1 210	9 872	310	181	3 547	14 453	**29 573**	1 883	-	25	**1 908**
Transfer	-	1 571	-	-	-	(1 571)	**-**	-	-	-	**-**
Disposals	-	(545)	(1 981)	(96)	(1 371)	-	**(3 993)**	(370)	-	-	**(370)**
Closing balance	14 099	54 810	4 533	840	21 071	14 527	**109 880**	4 892	4 259	25	**9 176**
Depreciation/ Amortization											
Opening balance	-	14 814	4 696	405	12 777	-	**32 692**	2 008	4 259	-	**6 267**
Charge for the year	-	2 885	190	115	2 017	-	**5 207**	952	-	-	**952**
Disposals	-	(245)	(1 598)	(70)	(715)	-	**(2 628)**	(370)	-	-	**(370)**
Closing balance	-	17 454	3 288	450	14 079	-	**35 271**	2 590	4 259	-	**6 849**
Net book value											
Opening balance	12 889	29 098	1 508	350	6 118	1 645	51 608	1 371	0	0	1 371
Closing balance	14 099	37 356	1 245	390	6 992	14 527	74 609	2 302	0	25	2 327

Notes to the consolidated financial statements as at March 31, 2016

Note 4 - Property, plant and equipment and Intangible assets (cont.)

The movements for the year ending March 31, 2016 were as follows (in thousands of EUR):

	Land	Buildings & Belongings	Machinery & Equipment	Vehicles & Transport Equipment	Tools, Measures Furniture & Fixtures	Construction in progress	**Total Tangible Assets**	Software	Goodwill	Other intangible assets	**Total Intangible Assets**
Cost											
Opening balance	14 099	54 810	4 533	840	21 071	14 527	**109 880**	4 892	4 259	25	**9 176**
Additions	8 211	13 409	1 498	175	5 741	12 283	**41 317**	2 302	-	-	**2 302**
Transfer	-	1 413	-	-	453	(1 866)	**-**	(2)	-	(25)	**(27)**
Disposals	-	(3 569)	(713)	(139)	(2 806)	-	**(7 227)**	(280)	-	-	**(280)**
Closing balance	22 310	66 063	5 318	876	24 459	24 944	**143 970**	6 912	4 259	0	**11 171**
Depreciation/ Amortization											
Opening balance	-	17 454	3 288	450	14 079	-	**35 271**	2 590	4 259	-	**6 849**
Charge for the year	-	3 166	524	95	2 648	-	**6 433**	1 085	-	-	**1 085**
Disposals	-	(1 521)	(605)	(83)	(2 051)	-	**(4 260)**	(280)	-	-	**(280)**
Closing balance	-	19 099	3 207	462	14 676	-	**37 444**	3 395	4 259	-	**7 654**
Net book value											
Opening balance	**14 099**	**37 356**	**1 245**	**390**	**6 992**	**14 527**	**74 609**	**2 302**	**0**	**25**	**2 327**
Closing balance	**22 310**	**46 964**	**2 111**	**414**	**9 783**	**24 944**	**106 526**	**3 517**	**0**	**0**	**3 517**

Depreciation/Amortization charges are included in the caption “operating expenses”.

Note 5 - Inventories

Inventories consist of the following:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Finished Goods & Spare Parts	237 658	178 343
Raw materials	8	81
Work in progress	1 210	1 209
	238 876	179 633
Inventory write downs	(22 424)	(22 001)
	(22 424)	(22 001)
	216 452	**157 632**

The cost of sales relating to inventorial assets amounted to EUR 498 million (March 31, 2015: EUR 423 million).

The write downs in relation with inventories, which have been charged to the income statement, are included in cost of sales.

Due to the increase in sales, also the inventories are higher in order to be able to respond to the customers' orders in a shorter time.

Note 6 - Trade receivables

Trade receivables comprise:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Trade receivables, gross	151 861	141 507
Provision for impairment of trade receivables	(5 537)	(5 514)
	146 324	**135 993**

The movements of the year of the provision for impaired receivables were as follows:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Opening Balance	5 514	5 926
Increase	796	1 235
Reduction	(375)	(780)
Write off	(398)	(867)
Closing balance	**5 537**	**5 514**

Note 6 - Trade receivables (cont.)

The creation and release of provision for impaired receivables have been included in "operating expenses" in the income statement. Apart from the amounts covered by the provision for impaired receivables, the Group does not expect any counterparties to fail to meet their obligations.

The fair value of the trade receivables approximates its carrying value, due to the short term nature of these instruments.

The allowance for impaired receivables of EUR 5 537 thousand (March 31, 2015: EUR 5 514 thousand) is related only to overdue more than 90 days.

As of March 31, 2016, the ageing analysis of the trade receivables past due is as follows:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Overdue 1 - 30 days	16 792	14 295
Overdue 31 - 60 days	3 893	7 255
Overdue 61 - 90 days	3 404	1 316
Overdue more than 90 days	6 398	9 240
Total	**30 487**	**32 106**

No trade receivable have been pledged as collateral.

All customers of the Group are managed very closely through frequent reassessment of credit quality that enables the management to reconsider constantly the level of credit limits and payment terms granted to those customers.

The carrying amounts of the Group's gross trade receivables are denominated in the following currencies:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
EUR	130 918	120 414
JPY	6 803	6 205
GBP	11 037	11 549
PLN	825	779
RUB	206	79
CHF	809	1 194
SEK	484	405
CZK	330	291
Other	449	591
Total	**151 861**	**141 507**

Note 6.1- Other non current receivables

An amount of EUR 4,795 thousands (March 31, 2015 EUR 5,316 thousands) is receivable from GE Intelligent Platform S.A. in relation with the pension plan (see note 13).
The cash flow hedge is also included in the non-current receivables (EUR 2,787 thousands)

Note 6.2 – Prepayments and other current assets

Prepayments and other current assets contain mainly prepaid expenses and VAT accounts.

Note 7 - Shareholders' equity

7.1 Share capital

The Company's issued and paid in share capital amounts to EUR 110 961 000 as of March 31, 2016 (March 31, 2014: EUR 110 961 000), represented by 110 961 shares with a nominal value of EUR 1 000 each. All issued shares are fully paid.

There are no stock options granted to directors and selected employees.

7.2 Share premium

The Company's share premium amounts to EUR 191 882 848 as of March 31, 2016 (March 31, 2015: EUR 191 882 848) and results from the merger by absorption of FANUC FA Europe S.A. and the contribution in kind of the shares of FANUC Robomachine Europe GmbH.

7.3 Reserves

Under the laws of certain countries, Group companies must allocate certain amounts of net profit to a reserve. These reserves are not available for dividend distribution. The non-distributable reserve of the Group amounts to EUR 8 502 thousand as at March 31, 2016 (March 31, 2015: EUR 7 156 thousand).

7.4 Retained earnings

On 29 September 2015, the Annual General Meeting of Shareholders decided on the payment of a dividend amounting to EUR 32 667 thousands.

The components of other comprehensive income net of taxes are presented in the table below:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Foreign currency translation differences	(4 916)	10 132
Effective portion of change in fair value of cash flow hedges	(1 366)	1 794
Remeasurement of post-employment benefit obligations	1 685	(5 182)
Total	**4 597**	**6 744**

Note 8 - Cash and cash equivalents

As of March 31, 2016, the Company owns cash on current accounts for a total amount of EUR 266 948 thousand (March 31, 2015: EUR 331 793 thousand).

Note 9 - Provision for warranty claims

The Group has accrued for a warranty provision in relation with parts, material and labour costs for an amount of EUR 6 300 thousand (March 31, 2015: EUR 6 062 thousand), representing the portion of expected costs to be incurred during the year ending March 31, 2016 related to revenues generated in the current and prior years.

The movements in the year were as follows:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Opening Balance	6 062	6 281
Additions	7 943	4 670
Transfers	335	297
Used during the year	(2 423)	(2 641)
Reversal	(5 617)	(2 545)
Closing balance	**6 300**	**6 062**

Note 10 - Trade payables

The fair value of the trade payables is similar to their carrying value.

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
EUR	8 376	9 632
GBP	1 340	1 532
Other	346	233
Total	**10 062**	**11 397**

Note 11 - Accrued expenses

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Accrued Payroll/Pension	23 192	21 752
Accrued project	3 101	123
Accrued other	16 760	14 327
Total Accrued expenses	**43 053**	**36 202**

Note 12 - Staff costs

During the year, the Group employed on average 1 176 full time employees (March 31, 2015: 1 028). Staff costs are composed of:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Wages, salaries and other	91 669	85 804
Social security costs	16 629	11 850
Pension costs	3 382	2 364
	111 680	**100 018**

Note 13 - Retirement benefit obligations

A certain number of employees of FANUC Deutschland GmbH, Fanuc France and FANUC Europe Corporation are covered by a non-contributory defined benefit pension plan. The benefits are based on years of service and the employees' compensation during employment. The plan is currently not funded by specific assets.

The amounts recognised in the balance sheet are determined as follows:

	31.03.2016 EUR 000	31.03.2015 EUR 000
Present value of unfunded obligations	29 720	32 803
Liability in the balance sheet	**29 720**	**32 803**

The movement in the defined benefit obligation over the year is as follows:

	01.04.2015 - 31.03.2016 EUR 000	01.04.2014 - 31.03.2015 EUR 000
At 1 April	32 803	24 521
Adjustment (first application of IAS 19R)	-	-
Current service cost	505	513
Interest cost	509	759
Actuarial losses/(gains)	(1 825)	7 528
Experience (gains)/losses	(1 228)	113
Benefits paid	(1 044)	(631)
At 31 March	**29 720**	**32 803**

Note 13 - *Retirement benefit obligations* (cont.)

An amount of EUR (285) thousand from the actuarial losses recognized as at March 31, 2016 relates to pension obligations towards former employees of GE Intelligent Platform S.A. for which the Group is legally responsible. Based on an agreement signed with GE Intelligent Platform S.A., the Group will be reimbursed for an amount of EUR 4 795 thousand as at March 31, 2016 (March 31, 2015: EUR 5 316 thousand).

The amounts recognised in the income statement are as follows:

	01.04.2015 - 31.03.2016 EUR 000	**01.04.2014 - 31.03.2015 EUR 000**
Current service cost	505	513
Interest cost	509	759
Total, included in staff costs	**1 014**	**1 272**

The principal actuarial assumptions were as follows:

	31.03.2016			**31.03.2015**		
	DE	**LU**	**FR**	**DE**	**LU**	**FR**
Discount rate	1.90%	2.10%	1.75%	1.55 %	1.75%	1.35%
Future salary increases	2.5%	1.75%	2.50%	2.5 %	1.5 %	2.5%
Future pension increases	1.75%	1.75%	-	2.0%	1.5 %	-

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for the most important countries are based on the following post-retirement mortality tables: (i) DE: PNMA 00 and PNFA 00 with medium cohort adjustment subject to a minimum annual improvement of 1% and scaling factors of 110% for current male pensioners, 125% for current female pensioners and 105% for future male and female pensioners; and (ii) LU: RP2000 with a projection period of 10-15 years.

FANUC Europe Corporation and subsidiaries

Notes to the consolidated financial statements as at March 31, 2016

Note 13 - Retirement benefit obligations (cont.)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Impact on defined benefit obligation

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 9.97%	Increase by 11.37%
Salary growth rate	0.50%	Increase by 1.03%	Decrease by 1%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		Increase by 3.41%	Decrease by 3.45%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Note 14 - Taxes

The Company and its subsidiaries are subject to all taxes applicable to commercial companies in their respective country of incorporation. Group companies are in jurisdictions with tax rates ranging from 10% to 33 % (2014: 10 % to 33%).

	March 31, 2016 EUR 000	**March 31, 2015 EUR 000**
Current Taxes	23 895	25 910
Deferred Tax	(662)	331
Income tax expense	**23 233**	**26 241**

Deferred tax assets could be split in:

	March 31, 2016 EUR 000	**March 31, 2015 EUR 000**
Current deferred tax assets	9 559	8 910
Non-current deferred tax assets	238	238
Total deferred tax assets	**9 797**	**9 148**

Note 14 - Taxes (cont.)

Deferred tax liabilities could be split in:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Current deferred tax liabilities	-	-
Non-current deferred tax liabilities	1 036	1 049
Total deferred tax liabilities	**1 036**	**1 049**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax applicable to profits of the consolidated entities as follows:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Profit before taxes	88 940	91 575
Tax calculated at domestic tax rates applicable to profits in the respective countries	23 710	25 405
Tax effect of temporary differences	(662)	331
Tax effect of income not subject to tax and expenses not deductible for tax purposes	185	505
Tax charge	**23 233**	**26 241**

The weighted average applicable tax rate is 26.16% (2015: 28.66%). 7% of the deferred tax assets (2015: 2%) are linked to losses carried forward.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

A valuation allowance is provided against a gross deferred tax asset when it is probable that the corresponding portion of the asset will not be realized. Realization of the Group's deferred tax asset is dependent on the ability of the Company and its subsidiaries to generate sufficient taxable income to utilize reversing temporary differences and carry forwards within the carry forward periods. No valuation allowance has been recorded as at March 31, 2016.

Note 14 - Taxes (cont.)

The movements of deferred tax assets were as follows:

Deferred tax assets

	Inventory EUR 000	Payroll EUR 000	Depreciation EUR 000	Tax losses EUR 000	Other EUR 000	Total EUR 000
Closing at March 31, 2014	**1 899**	**2 178**	**1 392**	**2 111**	**1 055**	**8 635**
Credited/Debited to income statement	1 363	2 163	(143)	(1 970)	(900)	513
Closing at March 31, 2015	**3 262**	**4 341**	**1 249**	**141**	**155**	**9 148**
Credited/Debited to income statement	1 383	(815)	(323)	531	(127)	649
Closing at March 31, 2016	**4 645**	**3 526**	**926**	**672**	**28**	**9 797**

Note 15 - Commitments and contingencies

15.1 Guarantees

The Group provides to some selected customers bank guarantees to cover prepayments received or performance bank guarantees to cover the proper execution of the delivery of goods and the rendering of services purchased by the customer. Total bank guarantees issued in favour of those customers are for EUR 3 075 thousand as at March 31, 2016 (March 31, 2015: EUR 2 509 thousand).

15.2 Lease commitments

The Group has leased certain buildings, vehicles and office equipment. The majority of the lease terms are between 3 years and 10 years and are operational leases that are renewable at the end of the lease period. The future minimum lease payments payable under non-cancellable operating leases are as follows:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Within 1 year	6 874	6 534
Between 1-2 years	3 961	5 266
Between 2-3 years	2 323	3 475
Between 3-4 years	1 160	1 853
Between 4-5 years	142	753
After 5 years	-	690
	14 460	**18 569**

Note 15 - Commitments and contingencies (cont.)

The Group also has leased buildings under cancellable operating lease agreements. The Group is required to give a six-month period for the termination of these lease agreements.

15.3 Purchase commitments

As of March 31, 2016, the Company has outstanding purchase commitments to the Parent for a total amount of EUR 66.9 million (March 31, 2015: 86.5 million).

15.4 Credit Lines

For the year ending March 31, 2016 the Group has credit facilities for client's credit orders from banks of EUR 5.4 million (March 31, 2015: EUR 5.9 million) thereof EUR 3.1 million for guarantee issued in favour of customers (March 31, 2015: EUR 2.5 million). Utilisations of those guarantees are detailed in note 15.1.

15.5 Contingencies

The Group has no contingent liabilities in respect of legal claims arising in the ordinary course of business.

15.6 Warranty cost

The Company provides customer with warranties on the sales of robots. These guarantees are expected to last between one and two years.

The Company accrues for warranties at standard rates per unit sold which is either a fixed amount per unit or a percentage of the sales price representing the portion of expected costs to arise within the warranty period.

The Company continuously monitors it's per unit rates of accrual for warranties.

Note 16 - Analysis of revenue by category

Revenue consists of the following:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Sales of goods – Robots	320 293	279 392
Sales of goods - CNC	137 790	149 461
Sales of goods - Robomachine	113 860	86 106
Revenue from services	159 613	139 108
	731 556	**654 067**

Note 17 - Expenses by nature

	Notes	March 31, 2016 EUR 000	March 31, 2015 EUR 000
- Goods, consumables and changes in inventories		498 958	423 095
- Staff costs	12	111 680	100 018
- Depreciation, amortisation and impairment charges	4	7 518	6 159
- Advertising expenses		13 837	10 302
- Operating lease payments		7 340	7 877
- Other expenses		13 150	14 858
Total cost of sales, operating expenses and other expenses		**652 483**	**562 309**

The lease rentals of operating leases amount to EUR 7 340 thousand (March 31, 2015: EUR 7 877 thousand) and relate to the lease of buildings, vehicles and office equipment.

Note 18 - Finance (income)/cost

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
- Foreign exchange (gain)	(17 842)	(10 915)
- Interest (income)	(541)	(430)
- Foreign exchange loss	12 025	12 356
Total Finance (income)/cost - net	**(6 358)**	**1 011**

Note 19 - Related parties transactions

19.1 Receivables from related parties

Receivables from related parties arise from sales transactions for an amount of EUR 1 959 thousand (March 31, 2015: EUR 479 thousand).

Receivables from related parties are not impaired and are not overdue.

The fair value of the receivables from related parties is similar to its carrying value, due to the short-term nature of these instruments.

Related party transactions are entered into at market conditions and are all due and settled by the related parties within 30 days. They do not bear interests.

During the year ending March 31, 2015, the Group sold inventory to the related parties for EUR 287 thousand (during the year ending March 31, 2015: EUR 5 327 thousand).

The carrying amounts of the receivables from related parties are denominated in the following currencies:

Note 19 - Related parties transactions (cont.)

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
EUR	1 929	442
Other	30	37
Total	**1 959**	**479**

19.2 Payables to related parties

The balance of the caption "Payables to related parties" includes unpaid amounts for purchased inventory. The amount payable to the Parent amounted to EUR 26.1 million (March 31, 2015: EUR 22.2 million) and to other related parties to EUR 3.4 million (March 31, 2015: EUR 0.8 million).

During the year ending March 31, 2016, the Group purchased inventory from the Parent for EUR 446 million (March 31, 2015: EUR 343 million) and from other related parties for EUR 11.7 million (March 31, 2015: EUR 9.5 million).

Related party transactions are entered into at market conditions and are all due and settled to the related parties within 30 days.

Payables to related parties are accounted for in following currencies:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
EUR	-	621
USD	3 275	312
JPY	26 213	22 096
Total	**29 488**	**23 029**

19.3 Key management compensation

The remuneration of the 26 key managers of the Group (March 31, 2015: 26) amounts to EUR 8,424 thousand (March 31, 2014: EUR 6 994 thousand) and is mainly constituted of salaries and other short-term benefits (employee's incentive plan, company cars, social security...).

Note 20 - Auditor's remuneration

The total fees accrued by the Company and paid to the audit firm are presented as follow:

	March 31, 2016 EUR 000	March 31, 2015 EUR 000
Audit fees	547	531
Other fees	77	66
Tax related fees	80	504
Total	**704**	**1 101**